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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Pacific Gas and Electric
Company (U 39-E) for Authorization to
Procure Energy Storage Systems during the
2016-2017 Biennial Procurement Period
Pursuant to Decision 13-10-040.

Application 16-03-001
(Filed March 1, 2016)

Application of Southern California Edison
Company (U 338-E) for Approval of Its 2016
Energy Storage Procurement Plan.

Application 16-03-002
(Filed March 1, 2016)

Application of San Diego Gas & Electric
Company (U 902 M) for Approval of Energy
Storage Procurement Framework and Program
As Required by Decision 13-10-040.

Application 16-03-003
(Filed March 1, 2016)

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY BRIEF

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Dated: **July 11, 2016**

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STATE OF CALIFORNIA**

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SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY BRIEF

I.

INTRODUCTION

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the schedule set forth in the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge issued June 3, 2016 (“Scoping Memo”), Southern California Edison Company (“SCE”) respectfully submits this Reply to the Opening Brief filed by ORA. Specifically, SCE replies to ORA’s proposed showing for deferral projects and its statements concerning the manner in which Self Generation Incentive Program (“SGIP”) projects installed by Direct Access (“DA”) and Community Choice Aggregation (“CCA”) customers are counted.

II.

REPLY

A. ORA's Request to Require the Utilities to Confer with the DA and CCA Parties Concerning SGIP Counting is Consistent with SCE's Opening Testimony

ORA states that it does not oppose SCE's approach to forecasting SGIP installations¹ by DA and CCA customers, but asks that the Commission require IOUs to confer with the CCAs and Energy Service Providers prior to filing their 2018 Procurement Plans.² This is consistent with SCE's Opening Testimony. Specifically, SCE's 2016 Plan included a forecast of what could count towards its 2016 target for purposes of determining its net short/long position with respect to the 2016 procurement target.³ However, SCE will provide a true-up of the actual SGIP MW countable towards its 2016 procurement target when it files its 2018 Energy Storage Procurement Plan, and SCE indicated that it would confer with ESPs and CCAs to ensure an accurate and reasonable true-up of its forecast.⁴ At that time, SCE will also provide another forecast of SGIP projects that will be installed during the 2018-2020 procurement cycle.

B. The Commission Should Reject ORA's Proposed Showing for Distribution Deferral Projects at this Time

ORA argues in its Opening Brief that the Commission should require an affirmative showing of cost-effectiveness and grid reliability for deferral projects. Specifically, ORA requests that the IOUs should include the following information:

- 1) What purpose the upgrade will serve;

¹ ORA slightly mischaracterizes SCE's forecasting methodology in its Opening Brief. For a description of SCE's methodology in forecasting SGIP projects that may be installed by DA and CCA customers, please see SCE-01, Opening Testimony of M. Wallenrod, at Chapter III.D, pp. 23-24.

² ORA Opening Brief, p. 4.

³ See SCE-01, Opening Testimony of M. Wallenrod, at Chapter III.D, pp. 23-24.

⁴ See *id.*, footnote 33.

- 2) How the proposed energy storage system will meet the specific reliability needs of the area where it will be installed and operating;
- 3) A comparison between the costs of the deferred asset and the proposed energy storage system over the deferment period;
- 4) The length of the deferred asset's useful life; and
- 5) The deferred asset's online dates that are used to measure the deferral value of the energy storage system.⁵

In principle, SCE finds ORA's proposed five-point showing on distribution deferral projects to be generally reasonable, and consistent with policy positions taken by parties in the Distribution Resources Plan ("DRP") proceeding and the Integrated Distributed Energy Resources ("IDER") proceedings – namely, that distribution deferral via non-wires solutions should take place if the non-wires solutions are more cost-effective than conventional infrastructure, and provide the required attributes to maintain reliability.

Although SCE does agree with the principle of ORA's statement, it is premature at this time to establish a required showing insofar as these issues are currently being addressed through the DRP and IDER proceedings. For example, in the DRP, a Locational Net Benefits Analysis ("LBNA") and several working group meetings are underway to establish the actual benefits that energy storage and other distributed energy resources ("DERs") provide. In the IDER proceeding, parties are similarly engaged in developing a Competitive Solicitation Framework, which will further inform the actual benefits of DERs, including energy storage. These proceedings will provide meaningful inputs for determining the comparison between the costs of

⁵ See ORA Opening Brief, pp. 4-5. Additionally, ORA states that "[e]nergy storage used to defer or substitute a traditional asset ... should do so at an equivalent or lower cost than the traditional asset, **such as a fossil-fuel generation facility.**" ORA Opening Brief, p. 5 (emphasis added). Although SCE agrees that energy storage should be cost effective relative to the cost of upgrading distribution infrastructure through a traditional, wires-based approach, SCE does not believe a fossil-fuel generation facility is the appropriate benchmark for distribution deferral. As such, SCE recommends modifying ORA's recommendation as follows: "[e]nergy storage used to defer or substitute a traditional asset...should do so at an equivalent or lower cost than the traditional asset, such as a ~~fossil-fuel generation facility~~ **the cost of upgrading the distribution infrastructure.**"

the deferred asset and the proposed energy storage system over the deferral period. SCE believes that a better framework for comparing the benefits and the costs of energy storage projects can be developed after the Commission obtains information from the efforts underway in the DRP and IDER proceedings, including various working groups and demonstration projects. Therefore, it is premature to adopt ORA's proposal.

III.

CONCLUSION

Through its Application, testimony, and briefing, SCE has demonstrated that its 2016 Energy Storage Procurement Plan is reasonable and consistent with the Commission's decisions. The Commission should approve SCE's Application in its entirety and grant the findings requested by SCE.

Respectfully submitted,

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